

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 16685 281031Z

43

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 COME-00 TRSE-00 JUSE-00 L-03

CIAE-00 INR-10 NSAE-00 RSC-01 FTC-01 DRC-01 /039 W

----- 108086

R 280905Z DEC 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8973

UNCLAS TOKYO 16685

E.O. 11652: N/A

TAGS: ETRD, US, JA

SUBJECT: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES

REF: A. STATE A-9930, DECEMBER 3, 1973 B. TOKYO A-996,
DECEMBER 28, 1973

1. SUMMARY

GOJ GAVE EMBASSY WRITTEN REPLY TO LETTERS RECEIVED FROM JUSTICE BY U.S. SUBSIDIARIES OF JAPANESE GRAPHITE ELECTRODE EXPORTERS. REPLY REQUESTS PRELIMINARY ANTI-TRUST INVESTIGATION BE DISCONTINUED. END SUMMARY.

2. OFFICIAL IN CHARGE OF ELECTRODES, CERAMICS AND CONSTRUCTION MATERIALS DIVISION CONSUMER GOODS INDUSTRIES BUREAU, MITI, REQUESTED MEETING WITH EMBASSY TO SUPPLY FURTHER INFORMATION ON GRAPHITE ELECTRODES TRADE (AIRGRAM FOLLOWS) AND TO DELIVER GOJ'S WRITTEN REPLY TO LETTERS SENT BY ANTITRUST DIVISION, DEPARTMENT OF JUSTICE, TO U.S. SUBSIDIARIES OF JAPANESE EXPORTERS REQUESTING DOCUMENTS FOR USE IN PRELIMINARY ANTITRUST INVESTIGATION (REF A. REPRESENTATIVE OF NIPPON CARBON CO., LTD. ALSO ATTENDED MEETING.

3. TEXT OF WRITTEN REPLY: QUOTE:

WE WISH TO REPLY TO THE ABOVE-MENTIONED LETTER AND INQUIRY AS FOLLOWS:

(A) BACKGROUND:

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 16685 281031Z

EXPORTS OF JAPANESE GRAPHITE ELECTRODE COMMENCED IN

1949, AND SUBSTANTIAL VOLUMES WERE BEING EXPORTED TO VARIOUS COUNTRIES BY THE END OF 1958. FROM ABOUT THAT TIME JAPANESE GRAPHITE ELECTRODE PRODUCERS WERE ENGAGING IN PRICE COMPETITION WITH ONE ANOTHER IN DIFFERENT PARTS OF THE WORLD. THIS CAUSED CONFUSION IN THE MARKET AND LED TO PROTESTS FROM VARIOUS COUNTRIES THROUGH DIPLOMATIC CHANNELS.

(B) ADMINISTRATIVE GUIDANCE BY JAPANESE GOVERNMENT, AND UNIFICATION OF OFFERS:

SUCH BEING THE CIRCUMSTANCES, THE JAPANESE GOVERNMENT CAUSED THE NATION'S ELECTRODE PRODUCERS TO FORM A PRODUCERS CARTEL UNDER THE EXPORT-IMPORT TRANSACTIONS LAW AND EXERCISED ADMINISTRATIVE GUIDANCE WITH VIEW TO MAINTAINING PRICES AND BRINGING ABOUT ORDERLY MARKETING. IT WAS STIPULATED IN THE CARTEL AGREEMENT, A COPY OF WHICH IS ATTACHED, THAT ONLY ONE OFFER CAN BE MADE TO THE SAME INQUIRY, IRRESPECTIVE OF THE NUMBER OF COMPANIES WHICH HAVE RECEIVED THE INQUIRY, AND THAT SAID OFFER MUST BE MADE BY THE JAPAN ELECTRODE EXPORT PROMOTION CO. (JEEP). THE CARTEL CONTINUED UNDER THIS ARRANGEMENT FROM APRIL 1963 TO MARCH 1971, BRINGING ABOUT THE ESTABLISHMENT OF ORDERLY MARKTING IN EXPORT TRANSACTIONS.

(C) TRADE LIBERALIZATION POLICY AND LIMITATION OF EXPORTS TO U.S.A."

ALTHOUGH THE UNIFICATION-OF-OFFERS PROVISIONS WERE DELETED FROM THE CARTEL AGREEMENT IN APRIL 1971 IN ACCORDANCE WITH THE JAPANESE GOVERNMENT'S TRADE LIBERALIZATION POLICY, ACTUALLY THE JAPANESE GOVERNMENT, AT THE REQUEST OF THE UNITED STATES GOVERNMENT, EXERCISED STRONG ADMINISTRATIVE GUIDANCE FOR THE PURPOSE OF CURBING EXPORTS IN GENERAL JEEP, ACCORDINGLY ESTABLISHED AN OVERALL CEILING ON EXPORTS AND, FUTHERMOREN INSTITUTED CEILINGS FOR EACH OF THE PRODUCERS ON THE BASI OF THEIR PAST PERFORMANCE.

AS A RESULT, EXPORTS TO THE UNITED STATES, WHICH MAY HAVE REACHED 30,000 METRIC TONS/YEAR IN 1971, UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 16685 281031Z

WERE HELD DOWN TO A MUCH LOWER LEVEL, AND FROM 1972, THEY HAE BEEN CONDUCTED WITH 18,330 METIC TONS/YAR (GRAPHITS ELECTRODES FOR STEELA-MAKING ONLY) ASTHE OVERALL CEILING.

(D) PRESENT SITUATION:

UNDER THESE CIRCUMSTANCES EACH OF THE PRODUCERS ARE, AS A MATTER OF COURSE, UNABLE NOT ONLY TO DELIVER THE VOLUMES THEY PREVIOUSLY SUPPLIED TO THEIR

CUSTOMERS BUT ALSO TO MAKE OFFERS IN RESPONSE TO NEW INQUIRES. THUS, THE SITUATION IN THE AMERICAN MARKET FOR JAPANESE GRAPHITE ELECTRODES IS NOW EVEN MORE SEVERE THAN IT WAS UNDER THE UNIFICATION-OF-OFFERS ARRANGEMENT UP 1971.

(E) REQUESTS:

IN VIEW OF THE ABOVE-MENTIONED CIRCUMSTANCES, WE WOULD APPRECIATE IT IF, UPON ACCORDING YOUR UNDERSTANDING TO THE FACT THAT THE EXPORT OF JAPANESE GRAPHITE ELECTRODE TO THE UNITED STATES IS BEING CONDUCTED UNDER A CARTEL AUTHORIZED BY THE JAPANESE GOVERNMENT AND WITH THE ADMINISTRATIVE GUIDANCE OF THE JAPANESE GOVERNMENT, YOU COULD FULLY EXPLAIN THE SITUATION TO THE PARTY OR PARTIES WHO HAVE PRESENTED THE EVIDENCE REQUESTED. AT THE SAME TIME, WE WISH TO REQUEST THAT THE INVESTIGATION OF THE IMPORTERS/AGENTS IN THE UNITED STATES BE IMMEDIATELY DISCONTINUED.

WE SHALL BE GRATEFUL FOR YOUR KIND CONSIDERATION OF THE ABOVE-MENTIONED REQUESTS. UNQUOTE.

4. GOJ STATED THAT IT IS IMPOSSIBLE TO SUPPLY EXTENSIVE INFORMATION REQUESTED BY JUSTICE WITHOUT DISRUPTING INDUSTRY'S BUSINESS ACTIVITIES. GOJ ALSO POINTED OUT THAT NATURE OF ELECTRODE TRADE SUCH THAT CONSUMPTION AND PURCHASING VERY CONSTANT.
SHOESMITH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, ACCOUNTING, GRAPHITE, ELECTRONICS INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 28 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO16685
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973122/aaaaaawa.tel
Line Count: 143
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. STATE A-9930, DECEMBER 3, 1973 B.
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 17 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Dec-2001 by williad>; APPROVED <11 FEB 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES
TAGS: ETRD, US, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005